

TEMPORARY RAILROAD EQUIPMENT LEASE

THIS AGREEMENT made this 5th day of SEPTEMBER, 1973 between Electro-Motive Leasing Corporation, a corporation of the State of Delaware (hereinafter called "Lessor"), and George P. Baker, Richard C. Bond, and Jervis Langdon, Jr., Trustees of the Property of Penn Central Transportation Company, Debtor (hereinafter called "Lessees");

W I T N E S S E T H :

1. Lessor has entered into a written contract dated as of August 20 , 1973 (hereinafter called the "Purchase Contract") to purchase from General Motors Corporation (hereinafter called "Manufacturer") 33 Diesel-Electric Locomotives more particularly described in Schedule A hereto (hereinafter called "Locomotives") which the Manufacturer has in process of construction and nearing completion at its plant in McCook, Illinois.

2. Subject to the terms and conditions hereinafter set forth, Lessor hereby leases to Lessees and Lessees hereby hire from Lessor each of up to 33 of said Locomotives. For the use and rental of each Locomotive, Lessees shall pay to Lessor or its assigns a rental of \$48.50 per SW 1500 locomotive per day and \$64.00 per GP38-2 locomotive per day. Said daily rental shall commence as to each Locomotive on the day of delivery thereof to Lessees pursuant to Section 3 hereof and shall terminate on the day immediately preceding the date of termination of this Lease pursuant to Section 10 hereof, except that such daily rental shall continue to and including the date of re-delivery thereof to the Lessor, if required as provided in the second paragraph of Section 10 hereof.

3. Lessor will deliver the Locomotives leased hereunder on tracks of Lessees at Hammond, Indiana, or such other place as may be mutually agreed upon by Lessor and

7155

RECORDATION NO. _____ Filed & Recorded

SEP 11 1973 - 11 55 AM

INTERSTATE COMMERCE COMMISSION

Lessees, with freight charges prepaid, from time to time as and when Locomotives are completed, on and after the date of recording of this Lease in accordance with Section 20c of the Interstate Commerce Act to and including the day next preceding the date of termination of this Lease pursuant to Section 10 hereof. Lessor will invoice Lessees for freight charges on the Locomotives from McCook, Illinois, to the point of delivery hereinbefore specified. Each of the Locomotives shall be inspected by an authorized representative of Lessor and Lessees at Manufacturer's plant, McCook, Illinois, and again at the point of delivery hereinbefore specified and, if such Locomotive is in good order and condition and conforms to the Specifications and the other requirements of Section 1 of the Purchase Contract and to all applicable Federal Railroad Administration requirements and all standards recommended by the Association of American Railroads, such representative shall execute and deliver to Manufacturer and to Lessor a Certificate of Inspection and Acceptance in the form of Schedule B attached to the Purchase Contract. On acceptance of delivery of any Locomotive as provided in this Section, possession of such Locomotive shall, for all purposes, be deemed to be held by Lessees under and subject to all the terms and conditions of this Lease.

4. Lessees will, throughout the term of this Lease, cause the Locomotives to be kept numbered with the Road Numbers as specified in Schedule A attached hereto and will not change the number of any of the Locomotives without the prior written consent of Lessor. For convenience of identification of the leasehold interest hereunder of Lessees in the Locomotives, the Locomotives may be lettered "Penn Central" or in some other appropriate manner. Lessees shall not by virtue of this Lease or the possession and use of the Locomotives by Lessees under or pursuant to this Lease or of anything permitted to be done by Lessees hereunder in respect of the Locomotives, acquire any title to or ownership of the Locomotives, or any thereof, and the title to and ownership of the Locomotives shall remain solely in Lessor.

Prior to the delivery of each Locomotive to Lessees under this Lease, it will be numbered with the Road Number as set forth in Schedule A attached hereto, and there shall

also be plainly, distinctly, permanently and conspicuously placed and fastened upon each side of each Locomotive, in contemplation of financing Lessor has under negotiation in connection with its purchase of the Locomotives, a metal plate on which plainly and conspicuously appear the following words in letters not less than one inch in height:

ELECTRO-MOTIVE LEASING CORPORATION, OWNER AND LESSOR
UNITED STATES TRUST COMPANY OF NEW YORK, TRUSTEE, ASSIGNEE

Lessees hereby agree to indemnify Lessor against any liability, loss or expense incurred by it as a result of the aforementioned marking on the Locomotives.

5. Lessees shall be entitled to the possession and use of the Locomotives upon the lines of railroad owned or operated by Lessees or upon lines of railroad over which railroad equipment of Lessees is regularly operated pursuant to contract, trackage or other operating rights and the Locomotives may be used upon other railroads in the usual interchange of locomotives, if customary at the time.

6. From and after the time of acceptance of delivery of the Locomotives by Lessees, and until the termination of this Lease or later re-delivery of the Locomotives to Lessor pursuant to Section 10 hereof, the possession, use, operation and maintenance of the Locomotives shall be at the sole risk and expense of Lessees and Lessees will assume and shall be solely responsible for, and shall indemnify and save harmless Lessor from and against, (a) any and all loss or damage, usual wear and tear excepted, of, or to the Locomotives, and (b) any and all claims, demands, suits, judgments or causes of action for or on account of injury to or death of persons other than Lessor's or Manufacturer's representatives, agents or employees, or loss or damage to property, which may result from or grow in any manner out of the presence, use or operation of the Locomotives while in the possession of Lessees under this Lease.

If, during the continuance of this Lease, any Locomotive shall be lost, destroyed or irreparably damaged from any cause whatever, or shall be requisitioned, taken

over or nationalized by any governmental agency under the powers of eminent domain or otherwise and all the obligations of Lessees hereunder shall not have been assumed by such governmental agency, Lessees shall promptly pay to Lessor a sum equal to the purchase price payable by Lessor to Manufacturer applicable to such Locomotive, together with the applicable daily rental to such date of payment.

Lessees shall, at their own cost and expense, insure each Locomotive from the time of delivery and acceptance thereof and at all times thereafter until Lessees' obligations under this Lease with respect to such Locomotive have been discharged, against loss, damage or destruction thereof caused by fire, lightning, wreck, derailment, collision, flood, tornado, cyclone, sabotage, riot or civil commotion, such insurance, in the case of each Locomotive, to be in an amount satisfactory to Lessor, except that such coverage may be limited so that no loss amounting to less than \$25,000 on each Locomotive shall be payable. All such insurance shall be taken for the benefit of Lessor and Lessees, as their respective interests may appear, in an insurance company or companies satisfactory to Lessor. Such policy or policies shall insure the respective interests of Lessor and Lessees in the Locomotives and shall provide that the proceeds of such insurance shall be payable to Lessor. All insurance proceeds received by Lessor with respect to any Locomotives shall

(a) be paid over to Lessees, in the case of repairable damage to such Locomotive, upon receipt by Lessor from Lessees of proof in duplicate satisfactory to Lessor of the proper repair of such damage; or

(b) be applied by Lessor, in the case of the loss, destruction or damage beyond repair of such Locomotive, towards the satisfaction of Lessees' obligation to pay a sum equal to the purchase price thereof pursuant to this Section.

7. Lessees shall comply with all laws and regulations of any state or governmental authority respecting the manner of using or operating the Locomotives, or any thereof, during the term of this Lease.

8. Lessees shall maintain and keep the Locomotives in good order and repair at all times, subject to the right of Lessor to inspect the condition and the maintenance thereof, in accordance with standards prescribed by Manufacturer in applicable locomotive service manuals and in maintenance instructions covering the Locomotives. Lessees shall not effect any change in the design, construction or specifications of the Locomotives, body or power plant equipment or component parts thereof, without the written authority and approval of Lessor, provided, however, that Lessees may install additional parts as necessary or appropriate for use in their service. Any and all additions to the Locomotives installed by Lessees (except for communications, signal and automatic control equipment or devices having a similar use) and any and all replacements of parts of the Locomotives shall constitute accessions to the Locomotives and shall be subject to all the terms and conditions of this Lease and included in the term Locomotives as used in this Lease.

9. Lessees agree promptly to pay any and all taxes or other assessments which may be imposed upon or in respect of the Locomotives by reason of or in connection with Lessees' possession or use of the Locomotives under this Lease (exclusive, however, of any tax in the nature of an income tax on the rentals herein provided and of any tax payment of which is deferred by order of a court having jurisdiction, provided that such deferment shall not subject the title and interest of Lessor in and to the Locomotives to any lien or encumbrance). It is understood, however, that Lessees shall not be required to pay or discharge any such tax so long as they shall, in good faith, and by appropriate legal proceedings, contest the validity thereof in any reasonable manner unless thereby, in the judgment of Lessor, the title and interest of Lessor in and to the Locomotives will be materially endangered.

10. The term of this Lease shall in respect of each of the Locomotives be for the period beginning on the date of delivery of such Locomotives to Lessees under this Lease and terminating without further act or deed by either Lessor or Lessees as to each Locomotive on November 15, 1973 or at 12:01 A.M. on the first business day after the day of the recording in accordance with Section 20c of the Interstate Commerce Act of a long-term lease of the Locomotives between Lessor and Lessees, whichever shall first occur, or on such earlier date as Lessor shall receive payment of a sum equal to the purchase price for any Locomotive pursuant to Section 6 hereof.

In the event of termination of this Lease on November 30, 1973 as aforesaid, Lessees shall forthwith deliver possession of the Locomotives to Lessor in good order and repair (and, in any event, in a condition complying with the maintenance requirements of Section 8 hereof). For the purpose of delivering possession of each Locomotive to Lessor as above required, Lessees shall at Lessees' own cost and expense forthwith assemble all such Locomotives and shall at Lessees' own cost and expense transport or cause to be transported the same or any thereof to Manufacturer's plant at McCook, Illinois or to any place or places on the lines of railroad operated by Lessees or to any connecting carrier for shipment, all as directed by Lessor. The assembling, delivery and transporting of all such Locomotives as hereinbefore provided are of the essence of this Lease, and upon application to any court having jurisdiction in the premises Lessor shall be entitled to a decree against Lessees requiring specific performance of the covenants of Lessees so to assemble, deliver, store and transport all such Units.

Without in any way limiting the obligation of Lessees under the foregoing provisions of this Section, Lessees hereby irrevocably appoint Lessor as the agent and attorney of Lessees, with full power and authority at any time while Lessees are obligated to deliver possession of any Locomotive to Lessor, to demand and take possession of such Locomotive in the names and on behalf of Lessees from whomsoever shall be at the time in possession of such Locomotive.

11. All or any of the rights, benefits and advantages of Lessor, including the right to receive payment of rental for any Locomotive or any other payments under this Lease, may be assigned by Lessor and reassigned by any assignee at any time and from time to time, provided, however, that no such assignment shall subject any assignee to any of Lessor's warranties, indemnities or any of its other obligations contained in this Lease or any other agreement relating to the Locomotives. In the event Lessor assigns its rights to receive any payments under this Lease and Lessees receive written notice thereof from Lessor, together with a counterpart of such assignment, stating the identity and post office address of the assignee, all payments thereafter to be made by Lessees under this Lease shall, to the extent so assigned, be made to the assignee against proper receipt therefor in form satisfactory to Lessees.

12. In the event of any assignment by Lessor of its rights to receive any payments under this Lease, the rights of such assignee to such payments as may be assigned, together with any other rights hereunder which can be and are so assigned, shall not be subject to any defense, set-off, counterclaim or recoupment whatsoever arising out of any breach of any obligation of Lessor in respect of the Locomotives or the manufacture, construction, delivery or warranty thereof or in respect of any indemnity contained in this Lease nor subject to any defense, set-off, counterclaim or recoupment whatsoever arising by reason of any other indebtedness or liability at any time owing to Lessees by Lessor. Any and all such obligations howsoever arising shall be and remain enforceable by Lessees only against Lessor, its successors and assigns (other than assignees as such, of rights, benefits or advantages assigned pursuant to this Lease).

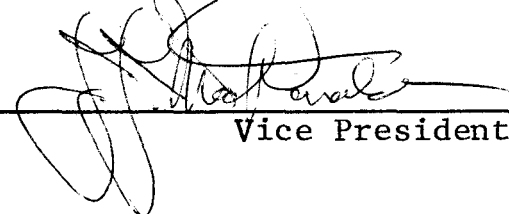
13. Lessees will, at their expense, cause this Lease, any supplements hereto and any assignment and

reassignment hereof, to be duly filed, registered or recorded in conformity with Section 20c of the Interstate Commerce Act, and in such other place or places as Lessor may reasonably request for the protection of its title.


14. This Lease may be simultaneously executed in two or more counterparts, each of which so executed shall be deemed to be an original and such counterparts, together, shall constitute but one and the same agreement, which shall be sufficiently evidenced by any such original counterpart.

IN WITNESS WHEREOF, Lessor has caused this Lease to be executed in its corporate name, by one of its officers thereunto duly authorized, and duly attested, and Lessees have caused this Lease to be executed on their behalf by one of the Lessees thereunto duly authorized, all on the respective dates of the notarial acknowledgments annexed hereto.

ELECTRO-MOTIVE LEASING CORPORATION

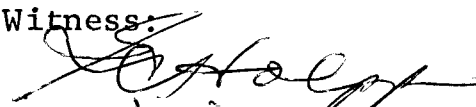
By _____
Vice President

Attest:

_____
Assistant Secretary

George P. Baker,
Richard C. Bond, and
Jervis Langdon Jr.,
Trustees of the Property of
PENN CENTRAL TRANSPORTATION
COMPANY, Debtor

Witness:

_____
Assistant Secretary

By _____
One of the Trustees

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On this 29th day of August, 1973, before me personally appeared J. J. MacDonald, to me personally known, who being by me duly sworn says that he is a Vice President of ELECTRO-MOTIVE LEASING CORPORATION, that said instrument was signed on this day on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Peter X. Sickinger

Notary Public

PETER X. SICKINGER
Notary Public, State of New York
No. 3655700

Cert. Filed in Putnam County
Commission Expires March 30, 1975

COMMONWEALTH OF PENNSYLVANIA
) ss.:
COUNTY OF PHILADELPHIA)

On this 5th day of SEPTEMBER, 1973, before me personally appeared Jervis Langdon, Jr., to me personally known, who, being by me duly sworn, says that he is a Trustee of the property of PENN CENTRAL TRANSPORTATION COMPANY, Debtor, that the foregoing instrument was signed on this day by him on behalf of and by authority of the Trustees of PENN CENTRAL TRANSPORTATION COMPANY, Debtor, and he acknowledges that the execution of the foregoing instrument was the free act and deed of said Trustees.

William J. O'Neill

Notary Public

WILLIAM J. O'NEILL

Notary Public, Philadelphia, Philadelphia Co.

My Commission Expires June 16, 1976

SCHEDULE A

MODEL - DESCRIPTION - SPECIFICATIONS -

SERIAL NUMBERS - ROAD NUMBERS

<u>Model</u>	<u>Description</u>	<u>Specification Number and Date</u>	<u>Units</u>	<u>Manufacturer's Serial Number</u>	<u>Road Number</u>
GP-38-2	2000 H.P. Diesel- Electric Road Switching Locomotive	Spec. 8090 Dated January 3, 1972	9	73608-1 -- 73608-9	8154-8162
SW-1500	1500 H.P. Diesel- Electric Yard Switching Locomotive	Spec. 8036 Dated January 3, 1972	24	73622-1 -- 73622-24	9560-9583

NOTICE OF ASSIGNMENT

This is to advise that, effective April 1, 1976,
12:01 a.m., the Financing Agreement described below has
been assigned to the Consolidated Rail Corporation by the
Trustees of: Penn Central Transportation Company
Six Penn Center Plaza
Philadelphia, PA 19104

The Financing Agreement is a Lease Agreement
, dated 10/8/73
bearing the ICC recordation number 7155
The payee's name and address is:

United States Trust Company of New York
130 John St.
New York, New York 10038
Attn: Corporate Trust and Agency Division

This Notice of Assignment has been placed in the
file of the ICC recordation number listed above and the entire
assignment is contained in the ICC recordation file stamped
in the margin of this assignment. A copy hereof will be
promptly mailed to the payee listed above for distribution
to the beneficial holder(s) of the Financing Agreement described
in this Notice of Assignment.

Consolidated Rail Corporation